

Message Text

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ACTION EB-07

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FM AMEMBASSY LAGOS

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E. O. 11652: N/A

TAGS: BDIS, NI

SUBJ: WARNER AND WARNER PARTNERS FALL OUT

REF : LAGOS 7061

1. SUMMARY: IN JULY 28 CONVERSATION EDWARD BRICE ALLEGED TO US THAT PROBLEM CENTERS AROUND NIGERIAN MANAGING DIRECTOR DR. KUMOLU JOHNSON WHOM BRICE CHARGED WITH USURPING BOARD OF DIRECTORS' AUTHORITY, AND FAILING TO ACCOUNT SATISFACTORILY FOR PAYMENTS DUE OR RECEIVED FROM FMG. ACCORDING BRICE HE HAS DISCUSSED SITUATION WITH NIGERIAN EMBASSY WASHINGTON AND EMBASSY ACCEPTS HIS VERSION. BRICE ADDED RESPONSIBILITY FOR FLYING TIGER OBLIGATIONS IS HIS OWN. END SUMMARY.

2. BRICE SAID THAT HE HAD COME TO NIGERIA TOGETHER WITH ASSOCIATES IN ORDER SORT OUT WARNER AND WARNER PROBLEMS AND HE ALLEDGED THAT PROBLEMS OCCASIONED BY BEHAVIOR OF DR. KUMOLU- JOHNSON. ACCORDING TO BRICE, JOHNSON HAD CALLED DIRECTORS' MEETINGS IN BRICE'S ABSENCE AND IN COMPANY ONLY 2 NIGERIAN DIRECTORS HAD PURPORTED TO TAKE DECISIONS AFFECTING DISTRIBUTION OF SHARES IN CORPORATION AND INCREASING JOHNSON'S OWN SHARES. BRICE ALLEGED THAT JOHNSON HAD ALSO SOUGHT TO SUBJECT CORPORATE RELATIONS WITH FMG TO HIS PERSONAL DIRECTION CONTRARY TO CORPORATE AGREEMENT AND IN FACT HAD GONE SO FAR AS TO NOTIFY FMG THAT VISA AND WORK PERMIT PRIVILEGES ENJOYED BY BRICE IN HIS CAPACITY AS WARNER AND WARNER EXECUTIVE SHOULD BE WITHDRAWN.

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(ON THAT ACCOUNT APPARENTLY BRICE WAS REFUSED ENTRY AT IKEJA

AIRPORT ABOUT TWO WEEKS AGO AND HAD TO RETURN TO US.) IN ADDITION TO THESE EFFORTS TO BAR BRICE FROM NIGERIA, JOHNSON HAD REPORTEDLY GONE FAR BEYOND AUTHORITY GRANTED HIM AS MANAGING DIRECTOR IN RESPECT TO TAKING OVER OPERATIONAL DIRECTION OF WARNER AND WARNER CONSTRUCTION ACTIVITIES HERE.

3. BRICE CONCURRED IN ALLEGATION JOHNSON HAD MADE TO US EARLIER THAT JOHNSON HAD TRANSFERRED TO BRICE ACCOUNT IN AMERICAN SECURITY AND TRUST TWO PAYMENTS IN AMOUNT \$1.4 MILLION AND \$600,000 RESPECTIVELY. HOWEVER, ACCORDING TO BRICE, JOHNSON HAD NOT YET REMITTED TO BRICE HIS SHARE OF THIRD AND FOURTH PAYMENTS THAT SHOULD HAVE BEEN FORTHCOMING FROM FMG AND WERE NOW OVERDUE NOR HAD JOHNSON OFFERED ANY EXPLANATION FOR DELAY. BRICE ADDED THAT ALTHOUGH HE WAS READY OFFER FULL ACCOUNTING FOR DOLLAR FUNDS TRANSFERRED TO HIM JOHNSON HAD SO FAR BEEN UNABLE OR UNWILLING OFFER SIMILAR ACCOUNTING FOR NAIRA FUNDS UNDER HIS CONTROL.

4. ON POINT OF LIABILITY TO FLYING TIGER LINE FOR AIR CHARTERS FROM US TO LAGOS, BRICE SAID THAT IN KEEPING WITH TERMS OF WARNER AND WARNER AGREEMENT, HE HAD ARRANGED FOR THESE CHARTERS AND ACCEPTS OBLIGATION FOR PAYMENT OUT OF FUNDS IN HIS CUSTODY. HOWEVER BRICE DENIED THAT \$600,000 TRANSFER TO AMERICAN SECURITY HAD BEEN EARMARKED FOR FLYING TIGER. ACCORDING TO HIM, THAT WAS ROUTINE TRANSFER OF PART OF SECOND PAYMENT FROM FMG AND HAD BEEN SUBSUMED INTO FUNDS BRICE MAINTAINS FOR STATESIDE PROCUREMENT OF GOODS AND SERVICES.

5. ACCORDING TO BRICE, JOHNSON NOT ONLY ACTING BEYOND HIS AUTHORITY UNDER CORPORATE AGREEMENT, BUT ALSO WITHOUT SUPPORT OF OTHER NIGERIAN DIRECTORS. BRICE CLAIMS THEY SUPPORT HIS VIEW OF SITUATION. HE ALSO CLAIMS THAT IN LONG SESSION WITH NIGERIAN EMBASSY OFFICIALS PRIOR TO THIS VISIT TO LAGOS, HE HAD PUT BEFORE EMBASSY COMPREHENSIVE SUMMARY OF DIFFERENCES WITH JOHNSON AND THAT EMBASSY ALSO SUPPORTS BRICE INTERPRETATION OF EVENTS. BRICE PROMISED TO KEEP US POSTED ON OUTCOME HIS LAGOS DISCUSSIONS WITH JOHNSON AND IN FMG.

6. COMMENT: WITHOUT OPPORTUNITY EXAMINE CORPORATE AGREEMENT, WHICH WE HAVE NOT SEEN, OR TO REVIEW ALL RELEVANT FILES, AND LIMITED OFFICIAL USE

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WE HAVE SEEN ONLY SELECTED PAPERS PROFERRED BY JOHNSON, WE FIND IT IMPOSSIBLE TO SORT OUT MERITS OF THIS SITUATION. SEEMS TO US, ON BASIS INFORMATION WE HAVE, THAT JOHNSON AND BRICE BOTH SEEKING TO EXPLOIT SITUATION TO THEIR PERSONAL ADVANTAGE AND THAT THEY PROBABLY DESERVE ONE ANOTHER. WE ARE AWAITING BRICE ACCOUNT OF HIS LAGOS DISCUSSIONS AND WILL REPORT.
CROSBY

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